

1 SENATE CORPORATIONS AND TRANSPORTATION COMMITTEE SUBSTITUTE FOR
2 SENATE BILL 986

3 **48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007**

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10 AN ACT

11 RELATING TO PUBLIC MONEY; REVISING REQUIREMENTS FOR THE DEPOSIT
12 OF PUBLIC MONEY.

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14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

15 Section 1. Section 6-10-36 NMSA 1978 (being Laws 1977,
16 Chapter 136, Section 1, as amended) is amended to read:

17 "6-10-36. PUBLIC MONEY DEPOSITS OF CERTAIN GOVERNMENTAL
18 UNITS--DISTRIBUTION--INTEREST.--

19 A. All public money, except that in the custody of
20 the state treasurer, institutions of higher education,
21 technical and vocational institutes, incorporated
22 municipalities and counties [~~which~~] that have adopted home rule
23 charters as authorized by the constitution of New Mexico and
24 local school boards [~~which~~] that have been designated as boards
25 of finance, shall be deposited in qualified depositories in

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1 accordance with the terms of this section or invested as
2 otherwise provided by law.

3 B. Deposits of funds of a governmental unit may be
4 made in noninterest-bearing checking accounts in one or more
5 banks or savings and loan associations designated as checking
6 depositories located within the geographical boundaries of the
7 governmental unit. In addition, deposits of funds may be in
8 noninterest-bearing accounts in one or more credit unions
9 designated as checking depositories located within the
10 geographical boundaries of the governmental unit to the extent
11 the deposits are insured by an agency of the United States. If
12 there is no checking depository within the geographical
13 boundaries of the governmental unit, one or more banks, savings
14 and loan associations or credit unions within the county in
15 which the principal office of the governmental unit is located
16 may be so designated, [~~provided any~~] but credit union deposits
17 [~~are~~] shall be insured by an agency of the United States.

18 C. Public money placed in interest-bearing deposits
19 in banks and savings and loan associations shall be equitably
20 distributed among all banks and savings and loan associations
21 having their main or [~~manned~~] staffed branch offices within the
22 geographical boundaries of the governmental unit [~~which~~] that
23 have qualified as public depositories by reason of insurance of
24 the account by an agency of the United States or by depositing
25 collateral security or by giving bond as provided by law and

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1 that desire a deposit of public money pursuant to this section.
2 The deposits shall be in the proportion that each bank's or
3 savings and loan association's [~~net worth~~] deposits bears to
4 the total [~~net worth~~] deposits of all banks and savings and
5 loan associations [~~having~~] that have their main office or
6 [~~manned~~] staffed branch office within the geographical
7 boundaries of the governmental unit and that desire a deposit
8 of public money pursuant to this section. The [~~net worth~~]
9 deposits of the main office of a savings and loan association
10 and its [~~manned~~] staffed branch offices within the geographical
11 boundaries of a governmental unit is the total [~~net worth~~]
12 deposits of the association multiplied by the percentage that
13 deposits of the main office and the [~~manned~~] staffed branch
14 offices located within the geographical boundaries of the
15 governmental unit are of the total deposits of the association,
16 net of any public fund deposits. The [~~net worth~~] deposits of
17 each [~~manned~~] staffed branch office or aggregate of [~~manned~~]
18 staffed branch offices of a savings and loan association
19 located outside the geographical boundaries of the governmental
20 unit in which the main office is located is the total [~~net~~
21 worth] deposits of the association multiplied by the percentage
22 that deposits of the branch or the aggregate of branches
23 located outside the geographical boundaries of the governmental
24 unit in which the main office is located are of the total
25 deposits of the association, net of any public fund deposits.

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1 The director of the financial institutions division of the
2 regulation and licensing department shall promulgate a formula
3 for determining the ~~[net worth]~~ deposits of banks' main offices
4 and branches for the purposes of distribution of public money
5 as provided for by this section. [~~"Net worth" means the assets~~
6 ~~less liabilities as reported by those banks and savings and~~
7 ~~loan associations on their most recent semiannual reports to~~
8 ~~the state or federal supervisory authority having~~
9 ~~jurisdiction.~~]

10 D. Public money may be placed at the discretion of
11 the designated board of finance or treasurer in interest-
12 bearing deposits in credit unions having their main or ~~[manned]~~
13 staffed branch offices within the geographical boundaries of
14 the governmental unit to the extent ~~[such]~~ the deposits are
15 insured by an agency of the United States.

16 E. The rate of interest for all public money
17 deposited in interest-bearing accounts in banks, savings and
18 loan associations and credit unions shall be set by the state
19 board of finance, but in no case shall the rate of interest be
20 less than one hundred percent of the asked price on United
21 States treasury bills of the same maturity on the day of
22 deposit. Any bank or savings and loan association that fails
23 to pay the minimum rate of interest at the time of deposit
24 provided for ~~[herein]~~ in this subsection for any respective
25 deposit forfeits its right to an equitable share of that

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1 deposit under this section.

2 If the deposit is part or all of the proceeds of a bond
 3 issue and the interest rate prescribed in this subsection
 4 materially exceeds the rate of interest of the bonds, the
 5 interest rate prescribed by this subsection shall be reduced on
 6 that deposit to an amount not materially exceeding the interest
 7 rate of the bonds if the bond issue would lose its tax-exempt
 8 status pursuant to the provisions of the Internal Revenue Code
 9 of 1986, as amended.

10 F. Public money in excess of that for which banks,
 11 savings and loan associations and credit unions within the
 12 geographical boundaries of the governmental unit have qualified
 13 may be deposited in qualified depositories in other areas
 14 within the state under the same requirements for payment of
 15 interest as if the money were deposited within the geographical
 16 boundaries of the governmental unit or may be invested as
 17 provided by law.

18 G. The department of finance and administration
 19 may monitor the deposits of public money by governmental
 20 units to assure full compliance with the provisions of this
 21 section."

22 Section 2. EFFECTIVE DATE.--The effective date of the
 23 provisions of this act is July 1, 2007.

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